

Soviets Lag

in Economic Race

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WASHINGTON.

Soviet Russia is coming off a poor second in the big economic growth race against the United States, President Johnson's top economist declared yesterday.

Gardner Ackley, chairman of the Council of Economic Advisers, said that Russian economic growth has been slowing since 1960. He predicted that the slowdown will continue.

The growth pace of Soviet national output has fallen one-third during the past five years while the U. S. rate has picked up by the same amount, the presidential aide declared. Mr. Ackley compared the U. S. and Soviet economic performances in a San Francisco speech that was made available to newsmen here.

The White House adviser recalled that former Soviet Premier Khrushchev once forecast that Russian produc-

tion would overtake the U. S. by 1970.

But the gap between the U. S. and Soviet economies is becoming larger rather than smaller, Mr. Ackley said. 2-Ackley & fin

Pointing out that the \$670 billion U. S. gross national product is roughly twice the size of Russia's, Mr. Ackley said the "absolute gap" between the rival economies has widened by a strapping \$60 billion during the past five years.

In a look ahead to 1970, he said the gap will increase by another \$60 billion in favor of the U. S. if the current growth trends continue.

The larger output will boost Russia's per capital production, Mr. Ackley said. "But it would still remain at a level

equivalent to but one-third of per capita consumption here," he emphasized.

Russia's growth rate has dropped from "a very impressive 5½ per cent a year" during the 1950's to about 4.3 per cent a year since 1960, "roughly the same as our own," the Presidential expert said.

Mr. Ackley blamed four developments for the Russians' failure to meet their goals.

The expansion of Soviet military space programs has pre-empted a large share of the high-quality men, machinery and materials that otherwise might have been used for modernizing machinery and agriculture, he said.

The failure of agriculture has sharply braked the entire Soviet economy, he continued.

Agricultural output has grown an average of only 3 per cent a year since 1955 while Soviet industrial production has gone up at least 5 per cent in each of the past 10 years, Mr. Ackley said.

"The Soviet's ability to adopt new technology and manufacturing processes from the West has faded rapidly since the fifties," the presidential adviser said. "It is difficult to quantify the cost advantages the Russians enjoyed for many years as they 'borrowed' liberally from more advanced countries. But we do know that it has now become more difficult for them to secure the large output gains previously associated with the application of others' ready-made technology."

Mr. Ackley called particular attention to the Russian's inability to sustain their "extraordinarily high" new plant and equipment investment rates of the 1950's.

The share of Russian output poured into investment has been moving down since 1960 while the U. S. share began moving up in that year, Mr. Ackley said.

Discussing the coming five years, the White House aide said there is increasing evidence that consumer needs are receiving greater weight in Soviet resource allocation decisions. At the same time, he said, the Soviet leaders must continue to try to balance frequently conflicting demands for more investment in heavy industry, in agriculture and in defense.

"As the Soviet system matures, its lack of sophistication becomes more apparent," Mr. Ackley declared. "Reform is difficult; yet the products and processes of the economy inevitably become steadily more complex, making more serious those inefficiencies which Western observers have long noted."

The Presidential economist called the Soviet growth rate "respectable" for a modern, industrial economy and made it clear that he does not believe that the Soviet failure to begin to catch up with the U. S. makes the Russians less formidable world rivals.

The Soviet Union still is spending 80 per cent as much as for space and military programs, Mr. Ackley noted. "Despite management difficulties within the USSR, we cannot question the ability of the Soviet leadership to divert and concentrate a large portion of this still rapidly growing GNP in support of a wide range of activities that may well challenge U. S. security interests almost anywhere in the world," the council chairman said.